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# Latin America Report

No. 2273

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18 March 1981

## LATIN AMERICA REPORT

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## GROWING DEPENDENCY ON OIL EXPORTS IN 1981 SEEN

Quito EL COMERCIO in Spanish 15 Jan 81 p 1

[Text] The nation's growth in 1981 will be more dependent on crude oil exports. The goals set by the Development Plan can be attained only on the basis of an increase in exports and an eventual rise in oil prices on the international market.

According to official statements, this potential increase will also help our trade balance, which expert analyses forecast could end in deficit this year.

On the other hand, this increased dependency on oil stems from the current general export structure. According to official statistics, sales of crude and its processed energy products represented around 70 percent of total sales to foreign markets.

While the volume of banana exports dropped by 3.3 percent during 1980, that of cacao sales fell by more than 26 percent and that of coffee sales by almost 30 percent, according to the Central Bank's official figures.

These approximate ratios show no signs of changing this year; in fact, the international market for these traditional export products from our country is showing signs of a greater slump than last year's.

The government has announced its intent to increase the volume of crude exports. This intent has taken on substance this month with an increase in the rate of production from 204,000 barrels to 212,000 barrels a day, by way of an 8,000-barrel increase from the Yuca field.

Thus, production could reach 222,600 barrels a day within the plus-or-minus 5 percent margin established by law. Meanwhile, the agricultural sector grew at a slow rate last year, barely 2.5 percent. For 1981, the Development Plan provides a 4.7-percent growth rate. The publication ANALISIS SEMANAL, however, indicates that agriculture may not attain that goal in the event of further deterioration of terms of trade that discourage agriculture oriented toward exports.

In any case, while crude has increased its share of the national economy, our other traditional export products (coffee, cacao and bananas) have drastically diminished theirs over the past year; and for 1981, the prospects are even more negative in view of the unfavorable international market outlook.

Sources indicate moreover that farm production for the domestic market also finds itself affected by government-controlled prices, which penalize the farmers during inflationary periods.

The government has announced that this year it will address those problems, implementing an overall farming and livestock development policy.

The same sources indicate that oil will play a much more important part this year. They foresee at least a 5- or 6-percent production increase, including the Yuca field and a possible increase in the traditional CEPE [Ecuadorian State Petroleum Corporation]-Texaco fields, particularly Shushufindi. The export of crude, besides sustaining the nation's internal growth, will serve as a stabilizing factor in its trade balance, which, according to ANALISTA SEMANAL, will swing in the negative direction in 1981 because the cost of imports will continue rising, owing in part to international inflation, and owing also to industrial growth, since the nation's manufacturing sector depends to a great extent on imported materials.

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## HIGHER PRICES, DEMAND DUE TO OIL DECONTROL EXPECTED

Quito EL COMERCIO in Spanish 12 Feb 81 pp 1,2

[Article by Enrique Proano C.]

[Text] A new situation has been created, favoring a rise in the international demand for Ecuadorean oil and in current international oil prices, as a result of the U. S. Government's decision to eliminate the price controls that have affected over 60 percent of the 8 million barrels a day of crude being produced in the United States.

Quito, 11 Feb (ECUADORADIO)--Because of price controls, most of the oil produced in the United States was being sold at prices that fluctuated between \$7 and \$8 a barrel. The ex-President of the United States had decided to remove these price controls, but not to do so until September of this year.

President Ronald Reagan considered this measure a good one, but decided it should be put into effect immediately; and so it was.

This new international situation, which is beyond our nation's control, favors us in two respects:

1. Eastern crude (as Ecuadorean crude is known worldwide) will experience a greater demand, since U. S. refiners, who have heretofore been buying their "stocks" on the U. S. market at \$7 or \$8 a barrel, will now have to pay international market prices for it, that is, \$38 or more a barrel. This circumstance, in the opinion of the specialized analysts, will cause many of these buyers to look in the direction of the Ecuadorean market, above all, those who operate on the West Coast of the United States.

2. The price of Ecuadorean crude is subject to several protective clauses that have been written into the nation's contracts to ensure it does not suffer losses in the event of international market price rises. Thus, there is an automatic adjustment clause that comes into play every month, based on the previous month's price increases in four petroleum fractions in the Gulf of the United States [as published].

These fractions are regular gasoline, diesel fuel, jet fuel and residual fuel. The percentage price increases attained by these four products are multiplied by the Eastern-crude yield of each of them, and a weighted mean between the first and last day of each month is established, which is then applied as an increase to the sale price of crude.

Thus, for example, the price reached by the CEPE [Ecuadorian State Petroleum Corporation] in the recent bidding round, which was awarded to the Japanese Hyundai company, namely, \$9.20 a barrel [as published], will govern for all shipments made during the month of February.

In March, this price will be increased in accordance with the price increases that have taken place until 28 February in the above-mentioned products (regular gasoline, diesel fuel, jet fuel and residual fuel) in the Gulf of the United States.

International market analysts feel that with the elimination of price controls on crudes by the United States, the prices of cuts will rise substantially, and it is even being predicted that they may skyrocket.

This means, for example, that if the mean price of these cuts should increase by 10 percent, Eastern crude will go from \$39.29 to \$43.21 a barrel, a figure considered extraordinary for Ecuadorian oil, which has generally sold at the highest prices on the international market for oils of similar characteristics.

This situation will moreover generate other benefits to the nation, since it will affect not only the 15,000 barrels a day being sold to Hyundai.

By virtue of another protective clause, whenever the CEPE, through an international competitive bid for the sale of quantities of crude oil, obtains a higher price than the one prevailing at the moment for other companies, the latter must equal the higher price.

Thus, this news agency has learned officially, the other buyers have now aligned themselves with the price reached in the latest round of bidding, namely, \$39.21 a barrel.

If in February the prices of the cuts that serve as the basis for calculation of the automatic readjustment formula rise 10 percent, for example, all quantities currently being sold would go from \$39.29 to over \$43 a barrel.

The figures used in this analysis are assumptions derived from an extrapolation based on what is presently occurring in the market in which Ecuador currently operates.

An additional benefit will derive from the U. S. decision: It will end the marketing difficulties Ecuador has experienced over the past several weeks, a situation that overstocked its storage tanks.



This, it has been learned, came about because the buying companies refused to accept the price increase that resulted from application of the automatic readjustment formula, when Ecuadorean crude was being quoted at around \$14-\$15 a barrel.

The formula had resulted in a price around \$19, but the companies were offering a maximum of \$17, invoking another price-revision clause in our contracts, by virtue of which any of the parties may request a renegotiation of the contract terms every 3 months.

The most recent bidding, however, bore out the formula and the Ecuadorean position, in that it produced a price of \$39.29 a barrel, to which the other companies had to align conform, the more so since, as has been stated above, the U. S. decision will produce an added demand for Ecuadorean oil.

The price increase for Ecuadorean oil on the international market, however, will have no practical major beneficial effect on the nation's economy, since whatever is gained from it will be absorbed by the subsidies being granted to the domestic market and by the energy being wasted in the domestic market.

Moreover, inherent in the U. S. decision there is also a disadvantage for Ecuador in the fact that exploratory activities in the United States will receive an extraordinary boost, since the yield on investments there will now be very attractive. And this in turn will skyrocket the demand for drilling rigs, bits and other need of the industry in that country, to the impairment of foreign buyers. Thus, Ecuador could find its explorational and exploitational programs adversely affected, owing to eventual delays in deliveries of materials and equipment of U. S. manufacture.

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## PRO-VENEZUELA ANALYZES ORINOCO DEVELOPMENT

Caracas EL UNIVERSAL in Spanish 15 Feb 81 Sec 1 p 19

[Article by C.R. Chavez]

[Text] The nation urgently needs an analytical review of the medium- and long-term prospects of the oil industry, especially now that we are about to commit large sums of money to programs and projects such as the Cerro Negro project at the eastern end of the Orinoco Belt, says the Pro-Venezuela Association in a statement released yesterday.

"The situation of the plans and projects for the possible development of the Orinoco oil belt calls for a responsible study, at least concerning aspects that we feel are basic to the achievement of autonomous development, without the problems and disparities that have characterized the oil industry for a long time. In this regard, we must determine whether or not it is a good time to develop the oil belt, and to analyze the technological agreements and their costs, and the transfer of technology. We must decide whether this voluminous negotiation is commensurate with national exigencies, or if, on the contrary, it would be prudent to limit our efforts to the exploratory phase and carry out a precise technical evaluation that would reveal the area's real potential.

"Some factors must be taken into consideration in a broad analysis of the nation's oil prospects:

"1) Since 1978, we have insisted on the need to modify the structures of the state in order to provide an ideal and effective administrative structure that will curb the waste that unfortunately has characterized the Venezuelan Government for a long time. We believe that if there is no reorganization of the administrative machinery, it will be useless to exploit perishable resources of incalculable strategic value. In practice we have taken these resources for granted and underestimated their value because we lacked an overall policy to cover all their aspects.

"2) We must devise a monetary policy that will preserve the value of the bolivar and at the same time protect the buying power of our oil, because it will be difficult for us to continue with the devaluation of our currency by using the dollar as a unit of payment for oil transactions, without apparent justification. Undoubtedly OPEC is responding in this regard to the demands of some of its

members, whose investments in highly developed nations incline them to prefer the dollar, as well as the raising or lowering of oil production in accordance with their interests. This is not always compatible with our monetary policy and our development goals.

"3) We must define the implementation of the 'Buy Venezuelan' decree as a function of the future of the oil industry. It is not enough, nor is it permissible, to extract petroleum to obtain foreign currencies of questionable value, while at the same time allowing imports to reach unprecedented levels. We should seriously study the contribution of the oil industry as a consumer of intermediate goods and capital goods of high aggregate value for this nation, taking into account our capacity in the engineering and metallurgical industry sectors. The oil industry must become a basic consumer of our manufactured goods so that we can substantially reduce the prices of goods that until now have come mainly from other countries.

"Obviously, quality control and timely deliveries must be indispensable norms for achieving this goal.

"The automotive sector and its entire productive complex should revolve basically around the plans and projects of the oil industry, and avoid the manifest tendency of foreign assembly plants to create a process of vertical integration that will mean that foreign monopolies will take over a long automotive process generated in this country.

"4) If on the one hand we feel that oil provides a natural market for our manufactured goods, on the other hand we must insist on seeking the development of the petrochemical industry so as to orient oil production not toward the exportation of crude oil, but toward the production of the whole gamut of intermediate goods required by national industry, and even the tapping of foreign markets.

"In sum, the industrialization of petroleum," says Pro-Venezuela, "should be the guideline to follow in order to eliminate from our economic framework the exportation of raw materials, the hallmark of an underdeveloped economy.

"5) We believe that the sacrifices that are made through special financing should be felt in Venezuela's area of geopolitical influence, and that foreign subsidies should be avoided until we manage to make substantial improvements in the sectors and socioeconomic groups of our country that lack the most elementary resources. The Venezuelan nation does not understand why we are subsidizing foreign economies while we still have pressing problems at home.

"6) At a time when the world economy, the bipolar world and the integration plans of the entire planet are shaking its very foundations, we sincerely believe that Venezuela should coldly and objectively review and analyze integration plans, especially those envisioned by the Andean Pact. We cannot remain on the sidelines in an integrationist process in which the majority have manifested their desire not to participate, or do not believe that this is the best way to achieve development. In all honesty, Venezuela could make integration plans with the entire world without any problems, taking advantage of the special nature of its economy. Brazil, the European Common Market, North America, Japan and the Socialist

world constitute alternative and complementary forces that could, if properly coordinated, provide for logical exchanges characterized by stable and equitable norms.

"This does not mean the validity and almost necessary linking of Andean nations such as Colombia that can and should take place without protocols established in integrationist treaties like the Andean Pact."

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in the Director of Zone II of the MAREC, Daniel GARCIA RUIZ. "The development of the MAREC," explained the same Director, "requires a series of programs which will require the participation of various institutions; among these activities are institutional organization and environmental protection for the purpose of coordinating in space and time the various activities generated by the government of oil exploration and production. Institutional planning will be of great importance in regional and national development," added Daniel Ruiz. "Because the world will credit us in various oil-producing countries and elsewhere their effort in the environment." In this respect, Zone IV and the central level have made a diagnosis of the area under study in order to provide a fair view of the region's potential and of its importance for development. In sum, this plan is designed to coordinate production and social activities, orienting the population, institutions, power toward the search for a better standard of living through the rational utilization of available natural resources. Zone II of the MAREC is also undertaking, in the state of Sonora, and lower and the Upper Sonora, the diagnosis of 70 percent of the territory in order to implement the Federal Self-Sufficiency Program and Self-Organization Plan, and the National-Transmitted Natural Area, in addition to other different programs and for the coming year, the MAREC in Zone II will continue the "oil production and control programs, and environmental education in the Yucatánian Society and the control of air pollution, the control program of garbage and other solid waste, and water pollution control. The economic and proper in Sonora and Mexico is still progressing, as are the industrial programs in the Lower Sonora, the maintenance and cleaning up of the Marañon and Sonora Rivers, and the La Guaymas, El Niguel, El Arroyo, La Sonora, and the San Miguel Rivers. Thus, because the MAREC in April 12, Feb. 21, 1972, 1972.

and MAREC in Sonora, the search for gas in parts of the state of Sonora will be stepped up by MAREC this year as part of an ambitious program that includes the exploration and development of new gas and oil areas, with a view to coordinating these plans with the agricultural development of these important regions in the Sonoran plains. The Sonoran Petroleum, Inc., subsidiary, today revealed some aspects of its activities in various oil exploration programs. First, headquartered in Tulsa, in Oklahoma, it already is in full swing. The work is made up of the departments of exploration, production and services, and has had operations in the various states of Mexico. Since the company's plan is the accelerated search for new deposits of natural gas in Mexico, this region is very important for such programs. Because in this the discovery is possible the gas and the adjacent areas will be developed next. Thus, full potential is reached. Operations and drilling will also be developed in the areas where exploration has been successful. MAREC successfully drilled a new exploration well in the area of Sonora in January. It is one of the sources of being estimated. There other wells are continuing exploratory drilling, and in exploration wells are planned for next year in the search for new gas deposits. In addition to a large number of petroleum gas wells in Mexico, MAREC produces 17 billion cubic feet of gas, which is an indication of the importance of this work in this sector. Thus, in the MAREC is stepping up its gas program. To encourage these plans with the region's agricultural development, the company is taking every necessary measure to establish a good relation between the two sectors, both of which require mutual cooperation and are vital to regional and national development. In this respect, MAREC's objective is to have entered in other activities, in the Sonoran oil field.

community in this program, without creating isolated petroleum communities. The enterprise emphasized that working labor conditions will not be disturbed. Local services will be made. Through this policy of integration and participation, the maximum stimulus will be given to the industrial and agricultural development of the State of Mexico. [Text] (Cancun-HI 014810) (S. Speech 14 Feb 61 Doc 2 p 4) 0000

PLAN -1, CIA, 000000--The Sixth National Plan requires an investment of 25 billion bolívares in national oil activities, according to the Assistant Director General of the Ministry of Energy and Mines. Alfredo Guzmán Reyes, he made this statement in his speech at the first national seminar on Petroleum and Gas, which is being held at the Hotel Venezuela. The seminar will end Wednesday. Guzmán indicated that between 1961 and 1965, 15 percent of investments, some 12 billion bolívares, will be earmarked for gas programs. "These programs for the extraction of free, petroleum-associated gas will be carried out mainly in the state of Guayana, which is rich in natural gas and in the continental shelf," he stated. He stressed that of the total investment in the oil sector contained in the Sixth Plan, 15 percent, 3,750 billion bolívares, will be allotted to production activities, where the proportion of funds to be allocated is 60 percent heavy and 40 percent light. "These programs require technical efforts. We plan to drill some 1,000 wells a year and to commission another 2,000, in addition to accelerating the secondary programs of oil and gas," he stated. Canadian Ambassador to Venezuela Robert Macdonald contrasted how his country considers the Venezuelan nation "a strategic zone because of a great hydrocarbon neighbor." The diplomat stressed that Canada is now developing a pilot program in the hydrocarbon fields of the Canadian state of Alberta, "which could be a great help to the Venezuelan oil industry in the development of heavy crude technology." Speeches by the head of the conference about the following topics: geophysics, analysis of deposits, interpretation of seismic data, oil deposits, and engineering and technology and economic aspects of oil deposits in general. [Text] (Cancun-HI 014810) (S. Speech 14 Feb 61 Doc 2 p 4) 0000

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## NICARAGUA, VENEZUELA SIGN OIL AGREEMENT

## Members Present at Ceremony

Managua LA PRENSA in Spanish 22 Jan 81 p 4

[Text] On Thursday, 15 January 1981, the Venezuelan minister of energy and mines, Humberto Calderon Berti, met with the members of the Junta of the Government of National Reconstruction of Nicaragua, the minister of the Nicaraguan Corporation of Mines and Hydrocarbons and representatives of the Nicaraguan Ministry of Foreign Affairs to sign the Agreement on Oil Cooperation signed by the presidents of Venezuela and Mexico in the city of San Jose, last 3 August 1980, in addition to the agreement on direct purchase of oil from government to government. This last-mentioned agreement was signed by the representative of Venezuelan Petroleum and the Nicaraguan Petroleum Enterprise.

Minister Calderon Berti was accompanied by the ambassador of Venezuela to Nicaragua, Dr Guillermo Yepes Boscan, and by Dr Alirio Parra, of Venezuelan Petroleum; Dr Ines-trosa, general manager of Investment Funds of Venezuela; Dr Anry Turon, director of International Cooperation in the Venezuelan Ministry of Foreign Affairs, and Dr Rene Arreaza, high-level official in the Ministry of Energy and Mines and coordinator of energy cooperation plans for Nicaragua.

The following were present representing the government of Nicaragua: Maj Daniel Ortega Saavedra, Dr Arturo Cruz and Sergio Ramirez Mercado, members of the Junta of the Government of National Reconstruction of Nicaragua, in addition to the minister of mines and hydrocarbons of Nicaragua, Eng Carlos Zarruck; Commander of the Revolution Henry Ruiz, minister of planning, and representatives of the Central Bank of Nicaragua, and of the Protocol Bureau of the Ministry of Foreign Affairs. Also present were representatives of the country's various news media and international news agencies.

The Venezuelan minister of energy and mines thanked the members of the Government Junta for their presence at the ceremony of solidary reaffirmation between the Christian Democrat administration of President Luis Herrera Campins and the Revolutionary Government of Nicaragua.



Nine. Energy Minister Calderon

Managua LA PRENSA in Spanish 22 Jan 81 p 4

(Text) Calderon Bertti said that "Venezuela maintains intensive activity in the field of international cooperation, not only with regard to bilateral cooperation, but also by means of various mechanisms multilateral by type. We have been standard-bearers within the Organization of Petroleum Exporting Countries in a series of initiatives all intended for minimizing the effect that increases in the price of oil have on developing countries in their economies.

"We are aware of our role within the unity of developing countries and Venezuela, together with the other OPEC countries, is part of that group of Third World countries and we have raised the basic problem of OPEC several times. It is not the price of oil, but, rather, an intensification of financial cooperation programs and the making of OPEC an instrument of revindication for the entire Third World. Therefore, within OPEC we maintain our advance, vanguard position in this area of revindication on the one hand and of contribution and cooperation with the rest of the developing countries. They have been met by the initiatives that Venezuela brought up for reinstatement of OPEC's special fund. Together with the Algerian Government, we proposed the establishment of a financial mechanism, of a development agency that will enable us to intensify the cooperation programs more flexibly and more vigorously than the present one.

"Within the regional field, the governments of Venezuela and Mexico decided, during 1980, to set up a program of cooperation for Central America and the Caribbean. We are aware of the effect that it is having on the economies of developing countries, first of all owing to an increase in the cost of money and a rise in the price of money on the international financial market. In addition, we are also aware of the impact that inflation imparted from the industrialized countries has on the economies of our countries, and, thirdly, we also realize -- although not to the extent ordinarily attributed to it -- the impact that the increase in the prices of oil has on the economies of these countries.

"In our awareness of this and with a desire to make a concrete contribution, not by means of rhetorical statements, but rather by means of concrete acts with all the countries in the region, without any kind of discrimination, without establishing shocking exceptions, we established, jointly with Mexico, as of 1 August 1980, this cooperation program consisting first of all in guaranteeing a supply of oil to the countries in the region. This is important. It has been important in the past, but it is going to be much more important in the future.

"Other countries in the world had the horrible experience in 1979 and 1980 of finding it impossible, in spite of having financial resources, to buy oil by means of normal supply contracts -- on credit -- but, rather, had to resort to the spot market, to pay for their oil much higher figures than the official OPEC prices. There is a definite policy of the Venezuelan Government not to participate in the spot market, but, rather, to be a reliable, definite source for all the countries in the region and for all the countries that have been customers. Therefore, this ratification by means of the San Jose de Costa Rica Agreement merely confirms what has been a tradition with the Venezuelan Government, which is to be a sure, reliable source of supply, not to cut off oil supplies to any country and to use this as a real

factor of affirmation of this sincere, responsible position taken by the Venezuelan Government on the international oil market.

"In addition, the agreement consists in financing 30 percent of the oil bill. This is a substantial figure, both for Venezuela and for Mexico. We believe that the first year that the program has been in force is costing \$700 million on a shared basis, because both countries have determined and have agreed to distribute to each other the domestic market of each of the countries covered by the agreement, so that there will be no absolute dependency on one single source of supply, but, rather, there will be a dependency on two sources of supply. This is more advantageous to the oil importing countries."

Minister Calderon Nerti added that "it should be pointed out that these credits are granted for a term of 5 years with a 4-percent interest rate. Basically, this credit can be used to solve temporary problems of a deficit in the balance of payments. Moreover and depending on the development requirements determined by each country and with the approval of the Venezuelan Investment Fund, these programs can be converted into long-term, 20-year, loans at an interest rate of only 2 percent. An interest rate of 2 percent is only one-tenth of the interest rate prevailing at present on the international financial market.

"This is a concrete, clear demonstration by the Venezuelan Government and the Mexican Government to cooperate effectively with the countries in the region. We have just now signed a similar agreement with El Salvador. We have also signed one with Jamaica, with the Dominican Republic and we are preparing to sign one in the next few days with those countries for which our signing these agreements is still pending. We want to do this with the peoples of the countries in the region. This does not imply in any way that we are not aware of the problems that may come up, but we are convinced that solidarity is fundamentally with the peoples. The Venezuelan Government maintains an attitude of solidarity with all the peoples of Central America and the Caribbean, in order to try to alleviate the economic situation, to contribute to an improvement of that economic situation and so that, as a result of this, there may be a contribution to consolidation of the region's political stability.

"We feel immensely pleased to have had an opportunity to come to Nicaragua on behalf of the Christian Democratic government of Venezuela and on behalf of President Herrera Campins. Nicaragua is a country whose progress and development we are following very attentively. We are full of hope and anticipation over what is happening here. Venezuela is a democratic country that has as a rule of its international policy the rule of noninterference in the internal affairs of other countries. We believe in democracy and freedom and we are aspiring to the existence of a climate of harmony and concord in the region that will make pluralism and the establishment of democracy possible. But each country in particular has the right to choose its own course, to select its own road and Venezuela does not aim, by means of these agreements, at establishing any kind of commitment, but, rather, merely at contributing with the governments and the peoples of the region to their stability and improvement and thus to demonstrate concretely and convincingly its solidarity in the field of international cooperation.

"Therefore we ratify, on behalf of the government and people of Venezuela, the determination to continue to contribute, as has been done so far, to the Nicaraguan Revolution. This program is going to mean for us, in the first year, \$27 million and next week we are going to deposit the amount of \$17 million retroactive to last year.

"Therefore, we believe that in this way the Venezuelan Government is contributing to the Revolutionary Government of Nicaragua, so that it can proceed, by means of these cooperation programs, to carry out economic development programs that will contribute to the well-being of the entire population of Nicaragua. Thank you very much."

Commander Daniel Ortega Speaks

Managua LA PRENSA in Spanish 22 Jan 81 p 4

(Text) "We wish once more to welcome to our country such a friend of Nicaragua as Minister Humberto Calderon Ferti has been and to stress the solidarity given by the Venezuelan Government and the people of Venezuela to the Nicaraguan Revolution. As the minister pointed out, it has been a solidarity, a support without conditions, respectful, a support worthy of Bolivar's people and we must express due gratitude for the important assistance that Venezuela has given to the Nicaraguan Revolution, both in oil support and also in support of our balance of payments affected by the previous situation; without that definite support by the government headed by Herrera Campins it would have been more difficult for our country to emerge from the limitations and problems that we inherited.

"On behalf of the Revolutionary Government of Nicaragua, on behalf of our people and on behalf of our vanguard, the Sandinist Front, we salute this agreement that is being signed today in our country, this agreement that means substantial assistance and once more we congratulate the Venezuelan Government headed by Luis Herrera Campins and we salute the minister friend of Nicaragua. Thank you very much."

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CSO: 3010

## STEPS LEADING TO PESO DEVALUATION, REACTION ASSESSED

Buenos Aires BOMBS in Spanish 6 Feb 81 pp 46-47

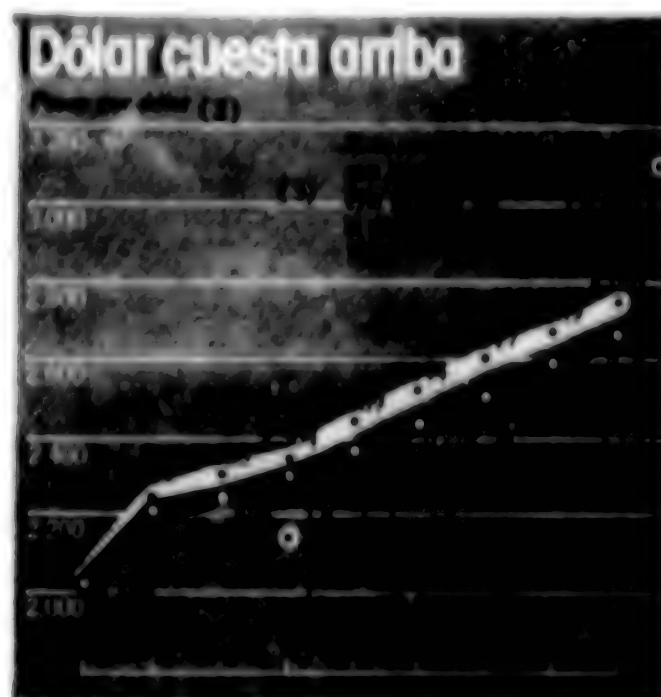
[Text] The devaluation that ushered in the month of February descended like an unwelcome visitor. Everyone had been expecting it, and therefore, when it arrived, there was an initial relief: the wait was over. But when will it again be knocking at our door? On Tuesday, the devaluation met with widespread rejection, and that is why someone in the Economy Ministry termed it a psychopedagogical mididevaluation, "mididevaluation because it was neither mini nor maxi, and psychopedagogical because it was pushed through more than anything else to calm expectations and because it will help to teach people that devaluations are of little good."

Nevertheless, no one devalues because he wants to. After 2 years of grappling with inflation, the lag in the exchange rate was on everyone's lips and mind. A month and a half before, Martinez de Hoz' team had taken care of setting the price of the dollar until the close of their mandate, but the exchange rate table did not extend beyond 31 March. Thus, it was perfectly justified to conjecture that one of the instrumental changes referred to on several occasions could well be a drastic correction of the price of the dollar, inasmuch as this is a way to curb inflation.

The widespread impression that the anti-inflation program had run its course and that a devaluation was imminent led people to convert their pesos into dollars, companies to exchange their dollar debts for peso debts and tourists to take advantage of their last chance to travel and shop with cheap dollars. Last Friday the Central Bank authorities were looking at a reflection of the situation on their desks. During the last week in January, reserves had fallen by \$180 million, and the figure for the entire month was climbing to near \$775 million. If looked at in isolation from any other sort of economic or strategic consideration, the level of reserves is still more than satisfactory: it totals practically \$6.6 billion.. but during 1980 there was an outflow of almost exactly half that figure, as reserves fell by \$3.3 billion over the 12-month period.

Commentary in Buenos Aires reflected the impression that this falloff in reserves was the development that spurred the current and future government to break a formal commitment 60 days before its conclusion, a move that prompted the harshest commentaries. "The same government that just 50 days before had set

exchange rate guidelines has made a sudden turnabout and in so doing has compromised the public's trust regarding monetary matters," editorialized LA NACION. "This is a setback. They spoke to us of foreign loans to alleviate the lack of liquidity in the market, and now this...The only thing that the government has achieved is a loss of business confidence in it," Juan Fabregas, leader of the Argentine Industrial Movement, told BOMBS. "It is an affront to the public's faith to abruptly change measures that were adopted just over a month ago, thus inflicting losses of 10 percent on those who had faith in those rules. I don't know whether this isn't debatable from a judicial viewpoint," former Minister Alvaro Alengrany said.



**Key:**

1. Dollar Headed Up
2. Pesos per dollar
3. If we were to continue under the new table, this would be the exchange rate at the start of 1982
4. Sell
5. Buy
6. According to the table that has been replaced, this would be the exchange rate on 1 April



As far as the press and the man in the street were concerned, the minister was not involved in the decision and was, therefore, displeased and against it. There were even rumors that he would resign, which were later shifted to the members of the Central Bank staff. According to sources consulted by SOMOS, however, it was Martínez de Hoz himself who carried the concern to its highest levels by reiterating the stand that a concerted measure had to be taken.

Thus, on the one hand, rumor had it in Buenos Aires that Diz had proposed to Sigaut an increase in the devaluation from two to three percent on the sell side of the table, maintaining the one percent for the buy side. And, to make the rectification more trustworthy, the Central Bank resolution would say, in typically Diz-like fashion, that the pace of adjustment would be through March and subsequent months. Sigaut (the conjectures went) had called for a 10 percent additional devaluation, from which ultimately emerged the compromise of a one-time 10 percent devaluation and a 3 percent monthly devaluation schedule that would extend 5 months into the next administration. On the other hand, SOMOS heard in the Economy Ministry that, in reality, in order to rectify the table and make a concerted decision, the minister had to present several options. One of them, therefore, was the one that was finally adopted and was allegedly not Martínez de Hoz' first choice.



Key:

1. Reserves Headed Down
2. In billions of dollars

But above and beyond these conjectures, if the goal is to curb the outflow of foreign exchange, only the days to come will be able to tell to what extent they have been successful. For the time being, it did not seem to have much effect on the first day it was in effect, although an assessment is not in order until some time has passed. The Central Bank allegedly lost \$66 million on Friday, \$113 million on Monday and \$70 million on Tuesday. The former head of the General Directorate of Taxation, Raul Cuello, came out with this prediction: "The measure is an obviously insufficient palliative for the exchange rate lag that will quickly run its course as the upward pressures that will be exerted on prices outrun the new exchange rate guidelines. Nevertheless, in the very short term, say 60 to 90 days or so, it could foreseeably help to halt speculation against the peso and to improve the overall liquidity situation, with beneficial effects on internal interest rates, which will have their current upward momentum dampened."

In any case, just as the table sets the guidelines for people's behavior, the people, with their behavior, could wreck the table if expectations do not subside and if they continue rushing into the dollar because of the appeal of its undervaluation. That is why some people support the move. "I consider it favorable and necessary because it attenuates the obvious overvaluation of the peso, which has been reflected in recent months in an ongoing loss of reserves with the resulting context of very high interest rates and a widespread recessionary outlook," economist Rodolfo Rossi told SOMOS.

For the time being, the devaluation will provide a breather for exports, which is why the measure was well-received among farmers, who, nevertheless, had misgivings because it does not correct the entire exchange rate lag. "This devaluation renews our hopes that the situation of the meatpacking industry will be fully understood," said Roque Grunauer, president of the Chamber of Regional Meat Packing Plants. Eduardo Althabe, president of CARBAP [Confederation of Buenos Aires and the Pampa Rural Associations], offered this thought: "The important thing is that the mistake has been noted and a start has been made to right it." But the devaluation carries the risk of quickly being absorbed by the inflation it triggers, and thus everyone will soon be awaiting another unwelcome visit. Hence, Ricardo Gruneisen, president of Astra, told SOMOS: "I would like to point out that the devaluation would make sense if it were part of a package calling for a drastic cut in the deficit, etc. Only in that case would it make sense, because as an isolated measure it is of no consequence and will act as an inflationary factor that will only spur further adjustments."

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CSO: 3010

## 'LA PRENSA' FAULTS GRADUALIST POLICY FOR ECONOMIC WOES

Buenos Aires LA PRENSA in Spanish 15 Feb 81 Sec 2 p 1

[Editorial: "The Economic Crisis and Political Realities"]

[Text] The steady worsening of the country's economic crisis has aroused widespread concern, a concern that is not fully acknowledged by our economic authorities, who are giving public opinion the impression that they are reluctant to adopt the corrective measures that are indispensable, as if this crisis were outside their purview and exclusively the responsibility of the next government, which will actually take office at the beginning of this April. Palliatives are urgently needed for the current grave situations, which are merely the result, as forecast in these columns, of an erroneous gradualist economic policy.

The speculations that the worst effects of the present crisis will be felt under the next administration and that this will add luster to the current one, have no logical basis or ethical foundation. The current authorities have a legal and moral obligation to immediately take all necessary measures to alleviate the serious, ongoing economic crisis, by taking the patriotic approach of rectifying their own unsuccessful economic policy experiments and by throwing overboard frivolous intolerance or capricious prejudices. The nation's destiny comes before personal political interests. Should this not come to pass, our citizens would have the right to judge those responsible not only for their mistakes but also and basically for their lack of political ethics during this national emergency.

The current economic crisis, which has resulted in the bankruptcy of many important producers, the failure of numerous banks and finance companies and a run in the exchange market that is depleting the country's gold and foreign exchange reserves to the tune of \$200 to \$300 million in recent days, represents the culmination of a wrongheaded economic policy based on the unbacked issuance of paper money to correct the imbalance in the public sector while attempting to repress the natural impact of this on currency values by setting political values that distort the foreign exchange and capital picture.

The official setting of the exchange rate considerably below its market par value, which was done to hold the monetary rise in industrial and agricultural costs and prices below the rate of currency issue, severely distorted relative prices and the exchange terms among the various goods produced and sold on the



market, thus prompting a serious deterioration in production economies, a situation that must be rectified if we want to prevent the crisis from worsening still further. The run that is currently going on in the foreign exchange market is the outcome of this regulated distortion of the value of foreign currencies in an economy with visibly raging inflation.

In turn, the government's setting of the interest rate significantly above a balanced parity with company profit margins, which would be determined automatically in a free money market, has meant a gradual appropriation by the banks of producer capital, since the latter are now unable to pay off the principal and interest on their debts, in a market in which a general liquidation of the earning assets of companies is, for obvious reasons, impossible. The widespread crisis of instability that banks and finance companies are currently immersed in is a consequence of this situation. Thus, Argentina's banking system is threatened with destruction today.

The failure of these economic policy experiments aimed at curbing a runaway inflation caused by the printing of money to defray the state's excessive expenditures, demonstrates the inconsistency of gradualist policies and the need to immediately uproot the conditions that have prompted this situation, by adopting a comprehensive economic program that the current authorities should courageously, patriotically and straightforwardly present to the country before the destruction of the national economic and financial system becomes irreparable.

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CSO: 3010

## PROGNOSIS FOR ECONOMIC OUTLOOK: LONG RECESSION

Buenos Aires LA PRENSA in Spanish 15 Feb 81 Sec 3 p 1

[Text] The Argentine economy began 1981 in "considerable stagnation as a result of the persistent recession, particularly in the manufacturing industry," the Foundation for the Analysis of the Economic and Social Situation (FASES) pointed out today.

It added that the economic policy pursued since 1978, which has included measures designed to promote imports so as to curb inflation, "has had an impact on prices of goods" from abroad, though at the cost of driving sectors or companies out of the market due to competition from imports.

In a study entitled "Level of the Economy," the foundation also mentioned the lag in the exchange rate and tariff policy, saying that the utilization of these mechanisms discouraged "production and exports, except for the sectors that produce goods and services that are not marketed overseas, which maintained their operating margins."

## Finances and Inflation

Referring to the gross domestic product (GDP), it said that it reflects "stagnation in the level of economic activity, which has become a downturn for the group of sectors involved in the production of goods, farm and industrial products in particular, while being expansionary, in general, for services."

It then analyzed the financial sector and said that 1980 "witnessed one of its major crises, at the very least, a crisis that has tended to significantly intensify the degree of concentration of the system," which "basically reflects the sharp deterioration noted in the goods producing sector."

It also stressed that there is a high degree of suppressed inflation, consisting of the considerable relative lag in exchange rate levels, wages and the price of beef."

## Outlook

In a chapter devoted to the economic outlook, FASES emphasized that "this is difficult to forecast" until "the new authorities spell out the basic guidelines for their actions."

The Commission has also noted that the findings of the Commission are not the only ones that have been made. The Commission has also noted that the findings of the Commission are not the only ones that have been made. The Commission has also noted that the findings of the Commission are not the only ones that have been made.

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Source: *El Comercio* in Spanish, 12 Feb 81 p 14

(2000) The technical undersecretary of industrial development, Dr Jorge Eduardo Sanguinetti, has made public Decree 103, which establishes a new policy for the tractor industry. The undersecretary also announced the issuance of Decree 112, which permits the tariff-free importation of tractors for rigs of assembled trucks and buses used in international trade over roads.

#### Tractors

The undersecretary explained that under the new tractor policy companies can, during the first 3 years that it is in force (1981, 1982 and 1983), import without paying tariffs up to 20 percent of the parts that they use, valued in accordance with customs valuations. The previous arrangement allowed the duty-free importation of only 15 percent of the parts.

The new policy also permits the importation of engines at a 20 percent tariff. This was not provided for previously and had been demanded by local tractor manufacturers.

To compensate local engine manufacturers that supply the tractor industry, regulations are planned and are soon to be approved that will enable them to import some tractor engine parts at a reduced tariff.

The duty-free allowance for importing tractor parts will drop in 1984 to 15 percent, in 1985 to 10 percent and in 1986 to 5 percent; after that date all parts will be subject to the stipulated tariff.

Dr Sanguinetti stressed on this occasion that this policy does not alter the tariff protection policy planned for this sector, which is scheduled to be phased out over time.

#### Transportation

The undersecretary then pointed out that at the initiative of the Secretariat of Transportation and Public Works, Decree 112 had been issued; it eliminates tariffs on certain equipment for international road transport.

To compensate the domestic producers of tractors for international semitrailer rigs and buses, spares earmarked for international transportation will be granted

treatment similar to what they would have received if they had involved exports of such equipment.

Dr Bustamante explained that the measure was taken to place Argentine road transportation firms on an equal competitive footing with foreign companies by allowing them to buy equipment at similar prices.

#### Technology

In conclusion, the undersecretary reported that the technology transfer bill had been returned by the Legislative Advisory Commission with merely pro-forma objections; it can be assumed, therefore, that it will be quickly sanctioned as soon as the amended text is submitted to the president of the republic for his signature.

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## PRD FOUNDER DISCUSSES PARTY ISSUES

San Jose LA REPUBLICA in Spanish 11 Feb 81 p 9

[Interview with Democratic Renewal Party founder Rolando Romero, by Wilmer Murillo in the column "Political Wednesdays in the Republic": date and place not given]

[Text] The Unity coalition has been experiencing a series of problems which have affected its stability and without a doubt have posed a threat to the convention process.

A significant development was the problem created in the Democratic Renewal Party (PRD) with the holding of meetings, appeals, arguments among members of the board of directors, etc, painting a picture of confusion.

Mr Rolando Romero has been involved in this matter. He is a founder of the party, has been an assembly member for a number of years and is currently organization secretary of the party.

[Question] What is the origin of the problem for the Democratic Renewal Party?

[Answer] It is very simple. There had been a divorce between the mandates of the party assembly and the position of its president in the respective bodies. Mr Tovar assumed for himself authority which had not been granted him, and with his contradictions he created a schism which has led to what is currently happening.

[Question] Why was the assembly on 21 December of last year postponed? What decisions were adopted?

[Answer] The assembly on 21 December was not postponed. The president of the party, Mr Tovar, and subsequently the secretary, tried to achieve this, first by changing the place where it was to be held suddenly, and then, at the last minute, by publishing notices postponing it. But they were not successful. Quite the contrary. The assembly proceeded normally with Mr Rafael Villegas, representing the Supreme Electoral Court, present. Indeed we have now learned that in an effort to postpone it, Mr Tovar sent a telegram from Tampa to telex station 2374 of the state educational television system, which is notable because it shows how a state body can become involved in the political affairs of the party.

At this assembly on the 21st, it was decided to send a communication to the political directorate fully confirming the earlier resolutions of the assembly itself, which

the president, Mr Tovar, had not defended to the political directorate. The directorate was given a period of time in which to respond satisfactorily, with the understanding that if it did not do so, the Democratic Renewal Party would not endorse the results of the convention process. This political background is so important that the assembly decided to reconvene on its own initiative on 11 January.

[Question] Then the assembly on the 11th was convoked by the assembly on the 21st of December, but in fact there were two assemblies. Why wasn't this explained to me?

[Answer] The only convocation for the 11 January assembly was the product of a resolution by the assembly on the 21st. This latter assembly had such validity that even those who tried to impugn it responded to the convocation it issued to them, which demonstrates its full validity.

In fact, two assemblies were held on 11 January--that attended by the legitimate assembly representatives installed on 13 July 1980, and a spurious assembly attended by the group of gentlemen affiliated with a faction who organized their assembly on the presumed basis of provincial assemblies which no one knew about, and Mr Tovar then appeared to validate it before a notary public.

[Question] In the midst of all this conflict involving assemblies and counter-assemblies, I know that you appeared before the civil registry and the Supreme Electoral Court with a statement defending your attitudes, on which we reported earlier. Mr Tovar and his group, in turn, did the same on their own behalf. Which of the two assemblies held on the 11th prevailed?

[Answer] The Supreme Electoral Court invalidated both assemblies held on 11 January. Ours, despite the fact that it was attended by the true and legitimate assembly representatives, was invalidated because during it, the removal of the president and the secretary from the executive board was approved, although the convocation had not stated that this was the purpose of the meeting.

The meeting of the other group headed by Mr Tovar was also invalidated, because the assembly participants were not legitimized as such. The invalidation of this latter meeting served in reality to cancel the resolutions that group had adopted in an effort to endorse the convention process and to support the candidacy of Mr Mendez Mata, all of which was rendered null and void.

[Question] Can you tell us then what assembly is legitimate for the Democratic Renewal Party, and who dominates it?

[Answer] Well, according to the decision of the Supreme Electoral Court, the duly constituted and legitimate assembly was that of 13 July, and one cannot say that anyone in particular dominates. Speaking of dominating an assembly is an error many politicians make. In reality, so long as human beings retain their dignity, they are entitled to act freely. There are individuals who do not understand this and perhaps this was why Mr Tovar arbitrarily disqualified 25 assembly members in this group by means of so-called provincial assemblies which no one knows about, including myself, although I am the party organization secretary.



[Question] What was behind the effort to effect these changes?

[Answer] In reality it pains me to have to make public the conviction the majority of those of us who are members of the Democratic Renewal Party have. The motivation of those who sought to change the assembly to suit them was the desire to create a submissive and obedient group they could use to advance certain interests. I tell you that I admit this with a certain sorrow, because in my view and that of many comrades, it is very serious for democracy to continue to deteriorate, becoming something purely formal, because this creates doubt in people about the will of the system.

Concerned about this situation, a group of us in the assembly will appeal at the next national assembly for a halt to this game, so that it will be solely the national assembly which can authorize such convocations. The treasurer of the party and a member of the executive board, Don Alvaro Monestel Arce, has already informed the civil registry and the Supreme Electoral Court of precisely this intention.

[Question] What is your view about the convention process?

[Answer] Our intention was to persuade the gentlemen who dominate the Unity coalition that the convention process as set forth is a resounding failure.

Two former ministers are vying for the candidacy, while the people have heard no basic proposals concerning the grievous problems from which the country is suffering. A passive attitude prevails in all sectors, and one need only make a comparison with the preceding 1977 convention to demonstrate this.

Barring a miracle, the voting turnout will be hopelessly low, which will contribute to the opposition party's hope of triumph.

[Question] Do you believe that the Unity party exists?

[Answer] I regard Unity as a desire of the people. The base levels demand it, but not meaning unity among certain politicians, nor meaning unity when it comes to seeing to the political debt. The problem is unity of thought and action in a search for solutions to the serious existing problems and to prevent the National Liberation Party group from winning power again.

Unfortunately, the wrong path has been chosen and the principle that "those who do not agree can leave" has been accepted. So it is that great Unity combatants have had to withdraw, and not the slightest effort has been made to retain them. The recent resignation of the treasurer of the coalition, Dr Hernan Collado, is evidence of this.

[Question] What can be done?

[Answer] We must seek true unity of the Costa Rican people based on the purest democratic principles. The Democratic Renewal Party, which has no master, can and should wage this great struggle.



## PRD PRESIDENT DISCUSSES PROBLEMS FACING UNITY COALITION

San Jose LA REPUBLICA in Spanish 11 Feb 81 p 11

[Interview with PRD president Roberto Tovar Faja, by Wilmer Murillo; date and place not given]

[Text] The Unity coalition appears to be caught up in endless difficulties which are increasing as the convention process for choosing the presidential candidate of the group approaches. The passions and antagonisms have put obstacles in the path of carrying out a convention process free of disagreements and bitterness. In the actions and attitudes of some leaders, glimpses of rivalry can be seen.

The PUP [Popular Union Party] has been the cause of constant friction. Its former leaders are claiming it, without any type of following. For the Calderon leaders in the coalition, the key question is whether or not the PUP will break with the convention or cause a schism within the coalition. There has been an abundance of talk, but a lack of concrete resolutions.

On the other hand we have the situation of the PRD [Democratic Renewal Party]. Some believe that with the challenge of the validity of its assembly, this party is on the brink of breaking with the Unity coalition. There is the impression that the coalition is more divided than ever.

This week LA REPUBLICA interviewed Roberto Tovar Faja, president of the Democratic Renewal Party, who said that there are now prospects for the achievement of positive results. He believes that the existing uncertainty is of a legal and not a political sort. And it is encouraged by those who hope to break up the coalition, he said.

The following are the views he expressed.

[Question] Are you among those who believe that the Unity coalition is in suspension?

[Answer] Absolutely not. Neither of the two circumstances quoted to justify this statement are sufficiently well founded. It has been claimed that the Popular Union assembly on 27 May 1979 was invalidated by the civil registry, and that if that ruling stands, then all of the resolutions adopted at that assembly are null and void. These resolutions basically gave all authority to the president to endorse such important decisions within the executive committee of the Unity as for example the bylaws, the bases for the convention, the appointment of the convention court, and others. The fact of the convocation of a PUP assembly alone would make it

possible to ratify everything done by its president, Mr Manuel Jimenez, something no one would challenge given the makeup of the PUP assembly. The second argument is that with the challenge to the membership and the assembly of the Democratic Renewal Party, there is the suggestion that this group is on the point of breaking with the legal structure of the coalition. The truth is that in neither case is there a majority which could break with the Unity coalition, the more so if the structure of the assembly on the basis of the recent provincial meetings is, as I believe it is, approved.

[Question] Do you believe that a PUP assembly can be convoked without expectation of friction or problems? Don't you believe that as some say, each sector will emerge with a piece of the Unity coalition in hand?

[Answer] The only point of friction with regard to the PUP is the lack of definition about returning control of the structures of this party to those who were leaders of the PUP until 1977. This is what has been called returning the PUP to its old leaders. The conflict involves whether to effect this return with or without conditions. On this matter there are two theses. One calls for returning control immediately and without any conditions, and the other calls for a return based on the certainty that this would not mean a break with the convention or schism within the Unity coalition. It is these two theses which will probably emerge in a future PUP national assembly. I would stress the fact that there is no longer any discussion as to whether there will or will not be a change in the leadership. There is a consensus on this, for which reason I am very sure that an assembly can be convoked without any schism occurring.

[Question] Do you believe that a PRD assembly can be convoked without expectation of complications and difficulties?

[Answer] No. I believe that if a PRD assembly were convoked relatively soon, some kind of internal political conflict would occur. There are two diametrically opposed positions. There is that of a minority which is not prepared to ratify the convention process simply because of the belief that without support of any of the putative candidates, there is a guarantee that none will be the Unity candidate. There is no way this position can win out. Opposed to it is a majority decision that the only way of electing a candidate democratically is by means of a process such as the Unity convention would mean, because abandoning this process would be abandoning the very bases of the Unity coalition. But this does not mean that they are silent, and a verbal struggle will definitely occur. These are normal things in politics and no one should be surprised.

[Question] Do you believe that in the midst of the negotiations for the return of the PUP, these electoral pronouncements are hindering the process?

[Answer] The decision of the civil registry clarifies the situation somewhat, because the legal conflict has now been explained. Now there remains only the political conflict, in other words there is less to think of in order to go deeper. As I said before, the political issue is resolved, because there is a consensus about the return.

[Question] It is said that Mr Manuel Jimenez does not have the authority to sign agreements putting the Unity coalition in motion. What solution do you see to this problem?

[Answer] There is no doubt at all that any PUP national assembly would ratify all of Don Manuel's actions. All of them have been exclusively in pursuit of the Unity coalition.

[Question] Don't you believe that a relative triumph was won with the ratification of the president of the PRD, since this was achieved at a high price, i.e., division within the coalition, conflict and serious dissension?

[Answer] There could be no talk of triumph. One can say that since 1977, I have fought for what I believe, as a simple citizen and later as a deputy and still later as a member of the national executive committee of Unity. In this case, it was for the consolidation of the Unity coalition as the only alternative to the other large democratic group in the country, i.e., the PLN [National Liberation Party].

Whoever becomes president of the PRD or fails to do so, my triumph would be to be able to share the achievement of that ideal with thousands of Costa Ricans. In this first struggle, I will do battle come what may. But the true ideal is to achieve the existence of a party and not a coalition, for which reason it will be necessary to submit the draft law to the legislative assembly as soon as possible.

[Question] Do you believe it would be possible to achieve docile control of a PRD assembly convoked to support the nomination of Rodolfo Mendez as candidate?

[Answer] From the moment when the possible candidacy of Don Rodrigo Madrigal was abandoned at the convention, almost all of the PRD leaders in the districts and provinces closed ranks in support of engineer Mendez Mata, directly or indirectly. A national party assembly representing the feeling at the base level would support Don Rodolfo, as already occurred on 11 January 1981. At that point in the convention, the formality of legal support no longer had the slightest importance, because what is of interest is what is happening in the political sector.

[Question] Was the division of the party into two assemblies the product of the legal tools which made the president of the PRD "all-powerful"?

[Answer] The only authority the president of the PRD has which might be regarded as beyond the normal ones is that allowing him to convoke provincial and district assemblies verbally and on 24-hour notice. I believe it highly desirable to amend the bylaws so that these convocations must be issued publicly and with several days' notice, as is done with the national assembly. I have drafted such a motion for when we meet in session again. I am persuaded that this amendment will win approval. There has been a great deal of clamor about this from those few assembly delegates who were disqualified in provincial assemblies, but who served as delegates to the assembly in June of 1980 through the same procedure. As this lends itself to misinterpretation, I am the first to seek a change in this instance. But I must make it clear that whether convoked on 24 hours' or 15 days' notice, the provincial assemblies have absolutely sovereign power to replace their delegates to the national assembly.

[Question] I have heard that the national assembly of the PRD is eternal. Isn't this the cause of friction and potentially of the development of political constriction?

[Answer] This is precisely the essence of the problem. The bylaws do not prescribe a term of office for the PRD assembly. Thus the changes can be circumstantial and even chaotic, not to mention the development of a political "bind."

The healthy and desirable thing is renewal of the party assemblies every four years by statutory norm. It is worth mentioning that this is another of the proposals I will submit to the next assembly.

[Question] Former president Trejos said in an interview granted representatives of LA NACION that Carazo would receive a vote of censure in a parliamentary regime. Would you join such a vote if we had a parliamentary system?

[Answer] We do not have a parliamentary system. But if I had any reason to censure the president I would not need such a system. I have no reason to censure him, although this does not mean that I do not recognize that he has committed errors, just as I have, or anyone else who is in public office. Those who should be censured are those who establish political platforms based on the errors of a president.

[Question] Who?

[Answer] Those who sought in vain to promote a movement attempting to bury the Unity coalition in the name of "national salvation."

[Question] What makes you think that the convention will develop enthusiastically, with the situation of the PUP and the Democratic Renewal Party pending, and the Unity electorate full of doubts?

[Answer] These are legal and not political uncertainties. There is a political certainty that the Unity coalition has embarked upon a dynamic and democratic process. The uncertainty from the legal point of view is felt by those who hope to liquidate the coalition.

[Question] There are predictions of fraud at the Unity convention. Do you believe this could happen?

[Answer] That is impossible, because at no time could the convention court or any member of the national executive committee allow such a thing. The coalition, the nominees for candidacy and their supporters must assume the responsibility for the success or failure of the convention. If it is a triumph, as I hope it will be, the number of voters will serve to silence such soothsayers. And if defeat is the result of a very low number of votes, it will be possible to analyze the causes and correct them, not to throw everything overboard, which is what more than one of the enemies of the coalition wants and hopes will happen.

[Question] And, finally, what goals do you propose to achieve now that you have been confirmed as president of the Renewal Party?

[Answer] I believe that what is necessary now is to engage in dialogue with the comrades erroneously called dissidents, and to try without haste but insistently to smooth over the rough areas which we should never have let place us in the situation the party has experienced recently.

## EDUCATIONAL ROLE OF SOCIALIST ARMY DISCUSSED

Havana VERDE OLIVO in Spanish 8 Feb 81 p 54

[Article by Mario Rodriguez]

[Text] The first scientific-military conference on the theme "The Educational Role of the Socialist Army and the Paths to Its Subsequent Strengthening" was held recently under the sponsorship of the MINPAR [Ministry of the Revolutionary Armed Forces]-EMG [Army General Staff], with commanders and heads of the departments and sections, unit leaders and substitutes for political work participating.

The theoretical activity began with the reading of the central report on "The Educational Role of the Revolutionary Armed Forces" by Lt Col Sergio Iglesias Meldestein, candidate for the degree of doctor of philosophical sciences and head of the Political-Military Faculty at the General Antonio Maceo Interbranch FAR School.

On the basis of a scientific analysis, this document discussed the basic guidelines for this activity, with emphasis on the leading and educational role of the party and the implementation of its political plan for raising combat morale.

The report explained with full clarity how the main guideline of the educational work of the party should be oriented toward the rational ideological sphere, with the teaching of Marxism-Leninism as its basic nucleus, making it possible to develop profound communist conviction in the men.

In another part of the report, the speaker stressed the role played by the party in military construction, and the furious attacks launched by our enemies, who have had recourse to every subterfuge in the ideological struggle.

"The enemies of the Cuban revolution," the report by Lt Col Iglesias said, "are dedicated to showing that the revolutionary process in our country, as set forth in the theses and resolutions on the ideological struggle, 'is an exception which cannot be repeated,' or that its experience rejects the Marxist-Leninist thesis on the need for the party in the socialist revolution and its determining role in the structuring of more effective armed forces, trained in all aspects of military life.

"For this reason," the report continued, "a profound and guided study of the aspects directing the program platform for the ideological struggle and for revealing the false interpretations of the Cuban revolution is one of the main tasks to be carried out in our ideological work."



Subsequently the report stressed the intensive work done by the party on the education of the combatants, including not only providing them with knowledge about the absolute truth concerning the revolution and its material aspects, but also continuing education in the principles of Marxism-Leninism, unmasking the enemy and the ideological campaign against him.

The report went on to stress that the ideological struggle now reveals characteristics very different from those in the first years after the revolutionary triumph.

"Now," the report said, "this struggle is directed against the party, against its increasing historic mission and leading role in the society we are building.

"This struggle is being waged precisely because the direct and concealed enemies of the revolution, in any of the variations--anticommunist or pseudorevolutionary--are attempting theoretically to find a substitute for the inevitable class struggle which is developing in today's world."

After the reading of the central report, the four collateral reports were read, dealing with such important subjects as "The Socialist Army--School for Labor and Military Apprenticeship," read by Maj Juan Jose Olmo Mora, candidate for a doctorate in philosophical sciences, and "The Educational Role of the Military Collective," read by Col Erik K. Korotkov, candidate for a doctorate in pedagogical sciences. Capt Leonel Gorin, candidate-applicant in psychological science, and Col Afanasias Efremov, candidate for a doctorate in historical science, read the reports on "The Socio-Psychological Characteristics of Personnel and Their Use in Educational Work" and "The Overall Focus in Educational Work," respectively.

In delivering the concluding address at this scientific-military conference, Col Jose M. Garcia Trujillo, head of the political section of the MINFAR-EMG, stressed the importance to the armed forces of the education of the commissioned and noncommissioned officers and soldiers in the defense of the socialist fatherland, particularly at this time when imperialism is revealing its aggressive nature.

"The scientific-military conferences," he said, "give us an opportunity to establish goals, strategies and means for implementing our activities to raise the level of the educational work the commanders and officers are doing with their subordinates."

The speaker went on to discuss the quality of the reports submitted, which he described as profound and on a high scientific level.

Then, after stressing the participation of Soviet experts in the organization of this activity, contributing without a doubt to its quality, Col Garcia Trujillo stressed the fact that the conference carried out the wishes expressed by our commander in chief in connection with "the policy we must pursue and the concrete measures we must formulate and adopt for the continued strengthening of the combat capacity of the country."

"The effort made to complete this conference successfully," he said in conclusion, "will be such that the educational work will be carried out on an increasingly scientific basis and will play its role in creating a firm awareness of their patriotic duty in the defense of the socialist fatherland in the members of the FAR."

## SOCIAL SCIENCE STUDIES DISCUSSED AT MILITARY CONFERENCE

Havana VERDE OLIVO in Spanish 8 Feb 81 p 55

[Article by Jose Cazanias Reyes]

[Text] "We believe that this conference has achieved its basic goals: to prepare us to implement the resolutions of the Second Congress of the Communist Party of Cuba, and to guide us in using the documents it approved in the teaching of social sciences."

This statement was made by Capt Eladio Calvo Gonzalez, substitute member of the Central Committee of the party and substitute chief of the Central Political Office of the FAR [Revolutionary Armed Forces], in delivering the closing address at the scientific conference held at the central premises of the FAR on the theme "The Improvement of Social Science Teaching."

This joint theoretical event involving Soviet military experts and officers in the Revolutionary Armed Forces launched the process of implementing the decisions of the second party congress at the military training centers with regard to the Resolution "On Studies of Marxism-Leninism in Our Country."

The conference, organized by the central political leadership of the FAR and the Soviet military experts, was attended by Maj Maria Chapman, substitute member of the Central Committee of the party; Maj Gen Gdunov, Hero of the Soviet Union; Lt Col Jose M. Delgado, head of the social sciences section of the central political office of the FAR, the heads of the political sections at the military training centers; heads of faculties, professors, Soviet experts and other FAR officers.

Lt Col Jose M. Delgado gave the opening address and stressed the importance of the meeting. Then Lt Col Lopujov, candidate for a doctorate in economic teaching sciences, gave the main report entitled "The Role of the Social Sciences in the Formation of the Officer's Personality."

This report, the reading of which took approximately an hour, said in one of its portions: "The formation of a Marxist-Leninist concept in students and cadets presumes that in the courses in which social sciences are taught, they will be provided with the system of scientific understanding of revolutionary theory, that they will convert this knowledge into personal convictions, i.e., a concept of the world, will develop an active life position, will know how to use Marxist-Leninist theory in creative fashion in the analysis of real life, and will know how to wage the offensive ideological struggle from class and party positions."

In another part of the report, Lt Col Lopujov stressed that one of the principal aspirations of the Communist Party of the Soviet Union and the Cuban Communist Party is the education of man, the officers in our armed forces in particular, to make of them ideologically mature men, persuaded of the justness of the cause of communism, with a profound knowledge of revolutionary theory, and faithful without reservation to the cause of the building of the new society.

"Success in this important task depends greatly on us," he stressed, "the professors and occupants of chairs in the social sciences, as well as the heads of the political sections and faculties at the military training centers."

The first speech concerning the main theme of the conference was made by Capt Eiren Aparicio, graduate in historical sciences and professor of philosophy. The report he read was entitled "The Perfecting of Pedagogical Mastery Is the Main Prerequisite for Raising the Level of Teaching of the Social Sciences."

"The Class and Party Nature of Social Science Teaching" was the title of the report read by Col Efremov, candidate for a doctorate in military science.

Lt Col Inobelio Lopez Morales then read his report entitled "Raising the Efficiency of Independent Work by the Students in Schools and Academies."

In giving the concluding address, Capt Eladio Calvo Gonzalez stressed that "both the central report and the speeches made have set forth the main requirements and demands for improvement in the work of the faculties and professors in teaching the social sciences."

Later on the substitute member of the Central Committee noted that "the activity of a group of highly skilled Soviet experts, most of them graduates of the Vladimir Il'ich Lenin Political Military Academy, has contributed greatly to the development of the social sciences at the military training centers.

"We believe," the substitute chief of the central political office of the FAR said in conclusion, "that this conference has achieved its main goals: to prepare us for the implementation of the resolutions of the Second Congress of the Communist Party of Cuba, and to guide us in using the documents it approved in the teaching of the social sciences."

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## DEVELOPMENTS AT THE OFFICERS' SCHOOL, SINGAPORE

Reverts TRANS 0110 to Special-15 Jan 61 pp 26-27

[Article by Major Underwood: "The Commander (Major) Singapore F&E Division School of Engineering Officers"]

[Foot] Something was in place of training officials in the process. If not, offered with legitimate pride by the leading personnel, engineers, officers and civilian members of the Commander (Major) Singapore F&E (Engineering School) Officers School.

During this entire period, the present highest military training center, although with slow steps toward the fulfillment of the tasks for which it was created 37 years ago, has succeeded in creating up valuable pedagogical experience.

A brief visit to this important officer training school for our soldiers will be more than sufficient to know the efforts being made by members of this institution.

The first impression is the modern living quarters, laboratories, aerial classrooms and workshops. All of these facilities, coupled gradually with the progress of these years, provide invaluable aid to the successful development of the training process.

The study programs and plans, developed on the basis of the fundamental principles in modern pedagogy, direct the balance necessary for the most varied training of the students (cadets), from the point of view of purely military knowledge, and where the basic sciences, as necessary to the training of the future engineering officer, are concerned.

On the basis of a rigorous program, the students in the center harmoniously relate study activities with physical training and sports, as well as political-administrative tasks, thereby they complete their integral training to deal with the military and complex activities required by the life of any military institution.

The quality of the training process is another aspect revealed at this highest military training center. The school's rigorous collection of professors with a high level of academic training and experience in teaching activities, as well as a fine material base for study, have a positive influence on this process.

Physical training and sports, as necessary elements in the intellectual, personal, moral and technical development of the young cadet, are also important objectives.

In this connection, the school has numerous sports for the practice of various sports disciplines. They include basketball, football, handball, volleyball, gymnastics, and the systematic study of karate, judo and other sports which are very popular with the vast mass of the students.

Perhaps all of these activities the sports victories won by the school were throughout its history.

At the completion of the course, which lasts between four and five years as the case may be, the young officer receives his diploma as a higher educational graduate in one of the following specialties:

arm artillery command weapons operation engineer;

antiaircraft artillery command weapons operation engineer;

radio location command radio technical operation operation engineer;

special and mixed operations command radio technical operation operation engineer;

land and antiaircraft artillery troop political officer; graduate in political sciences.

In addition, there are four-year courses, from which the students graduate as military engineers in various specialties.

All of the above courses at the commander General Ginzburg's SAB Artillery School a place where our young people can find true motivation, as well as a real opportunity to be useful to the important tasks of defense.

Functions of a school.

It was already late morning and one of the founders of the SAB Artillery School, to which he was called in February 1941 to take the first cadre's course.

His experience in military life has always been linked with the land artillery.

During the struggle with pride the formation of the first artillery unit, the integrity and dedication of those men, the majority of whom came from the National Revolutionary Military, and who devoted themselves fully to apprenticeship in what was strictly essential in order to be able to handle the first artillery systems received from the revolutionary army.

"These were difficult times in which the population was constantly threatened, with the order of day was the total possible preparation for defense," the current moment of the crisis of quality and quantity said.

"From the very first we decided that the artillery needed properly trained personnel, for which reason we hurried to take the first available opportunity for recruitment. The opportunity was not long in coming, and for that reason we immediately registered when examinations for enrollment in the school were announced.

"During the course, the work experience we already had aided us greatly, along with the firm determination to become artillery officers."

Lt Col Morales told us about the limitations of the school at that time. First of all, the professors lacked the necessary experience, the premises very often did not have even the most basic facilities for teaching, not to speak of a material study base. In the majority of cases, this had to be drafted by the professor himself, using the resources available.

"Conditions were not the best, but nonetheless both the teachers and the students were aware that this was a task of vital importance, and for this reason there was great dedication on both sides.

"I must say," Morales went on, "that despite all these limitations, the knowledge imparted to us was profound. I had occasion to witness this later when I began to serve in a unit.

"Now that we see the new installations the school has, as well as the level of the professors' teaching and the conditions existing at the center in general, we can only envy the new cadets."

Lt Col Orlando Luis Morales has spent about 13 years at the school, to which he was transferred as a professor in 1967. He better than anyone knows what a potential for development it offers our Revolutionary Armed Forces.

"When I finished at the school," he told us, "we were sent to an artillery unit, where we remained for two years. Later I was assigned the task of returning to the school as the first professor in geodesy and survey, and in 1970 I was given the professorial chair.

"My development, it can be seen, has been upward, but I do not believe this is at all exceptional. It is simply that the best use of the knowledge provided by the school and in the subsequent courses, plus the practical experience and potential offered by the FAR, have made today's results possible.

"Thus in each contact with my students I stress the need to make maximal use of the conditions provided by the center and the honor involved in being an officer in our Revolutionary Armed Forces," he added.

Today the possibilities are unlimited for any young person desirous of advancing within the honorable and difficult military profession.

"We Didn't Think Twice"

For cadet Fernando Sulligant Portela, three times winner of the FAR Vanguard award and an advanced student in the political specialty for artillery troops, the school provided an opportunity to put his liking and talent for political work into practice.

Rodriguez Portela went to the center after the 14th General Military Service call-up, where he began work in one of the groups supporting the instruction process.

His aptitude for political work became evident in the course of his leadership work at the head of the base committee of the UJC [Union of Young Communists].

Thus the young recruit did not think twice when his immediate superior told him that he might enroll in this new specialty incorporated in the study program.

Little by little, with great determination and firmness in his intentions, cadet Rodriguez Portela has been completing the various subjects in the course, along with sports activities in which he is an outstanding participant.

"My reasons for deciding on this specialty," he told us, "derive from my own activities in the base committee. As time passed, I understood that my future labor career should be precisely this, work with man, and his political-ideological training.

"In my view political work is an activity closely linked with daily practice, a task on which the the results of the entire military collective depend to a great extent."

[Question] And how do you like the school?

[Answer] The truth is, I like it very much, not only because I am studying what I really want, but also because of the opportunities available for going deeper into the knowledge we are obtaining.

The specialized classrooms, the firing ranges and the laboratories are an essential complement to our training.

[Question] What about the quality of teaching?

[Answer] As to the quality of the teaching process, I can tell you that it is equal to the highest level provided by our school.

The teachers have high teaching skills and are always ready for any question or necessary aid.

[Question] What is your opinion of the CEM [Military Training Center]?

[Answer] At the school, in addition to being trained as future officers, we are maturing in terms of our discipline and attitude toward life.

Our apprenticeship will be completed in the units, when we have to deal with and resolve the various practical situations we encounter.

I believe and I am convinced that the school will play a determining role in our future activity. Thus every minute we stay here should be utilized to the maximum.

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## ESTABLISHMENT OF MTT IN CIENFUEGOS NOTED

Havana VERDE OLIVO in Spanish 8 Feb 81 pp 8-13

[Article by Pablo Roa: "People of Cienfuegos Respond"]

[Text] These days remind us a lot of the first years after the triumph of the revolution when the people organized and prepared themselves for each aggression of the imperialist enemy.

There was the creation of peasant militia, sectors to fight outlaws, the National Revolutionary Militia. Those were the times of the Bay of Pigs, the October crisis, the fight against bands of insurgents, aggressions from the Yankee naval base, etc.

## One Day in Cienfuegos

In Cienfuegos, as in all Cuba, the response of the workers, students and even housewives and retired persons to joining the MTT [Territorial Militia] is so strong and massive that it can be seen easily in the atmosphere all through this city.

The constant comings and goings from the building where the units are being organized are the most eloquent example of this support. No one wants to be left out. Youths and old people of both sexes asked for forms to sign up or requested information.

This was the Cienfuegos that we saw at the end of January.

## Appointment at Sports Club

At the Volunteer Sports Club, a well-known and central place, the members of the units that have already been formed were performing their first activities.

Officers of the FAR [Revolutionary Armed Forces] participate actively as instructors. The militiamen take infantry classes and firearms training, ending with small caliber practice. Heriberto de la Tejera, chief of the MTT units in the town, told us that was the current practice.

Activities at the sports club go on simultaneously. While one group trains at the target range, another studies the tactical and technical characteristics of the firearms and practices assembly and disassembly. The class ends with firing practice.

The afternoon that we watched the practice, the militiamen were beginning to learn some infantry movements.

We found a group of female comrades talking about having fired their first shot. Teresa Conde, a 20-year-old housewife, told us that she joined the militia, "first, because I am a communist and, second, because I am a daughter of this land. We must not stint any effort or sacrifice to defend it."

Julia Francesena, a member of the UJC (Union of Young Communists) who works with statistics at the Cienfuegos Customs Office, was still holding a gun. When we asked her why she joined the MTT, she answered:

"After the proposal of the Pinar del Rio delegate to the Second Party Congress was approved and after the statements by the commander in chief and Army Gen Raul Castro about the creation of the MTT, what Cuban would not step forward!"

She added: "It must be clear to everyone that the better prepared we are, the stronger the defense of the socialist fatherland will be."

Alicia Gueda is a platoon leader. We watched her giving commands and directing her comrades. We learned that she works in the provincial training unit of the Ministry of Construction; she is in charge of the work force.

She told us: "This new task of the revolution has been taken up very enthusiastically by the comrades at my center. They only had to announce where to get the forms and everyone went. There was no one who did not apply."

We talked to another member of the MTT, Ramona Montenegro, an employee of the Ministry of Communications and squad leader.

"To me, this is another great historic moment in Cuba. Therefore, I come here and try to learn to shoot and march. It is one more way to be useful to the fatherland, the party and Fidel," she stated.

#### Together in the Field

A few meters away at the sports club, the male units follow the same program as the female comrades.

During a short break, we met Paul Bonet, Elio del Valle, Teofilo Cabrera, Juan de Dios Gonzalez, Jesus Oliver, Armando Montesinos, Miguel Canelas and others.

Some recalled previous experiences in military life--in the militia when they were part of the regular units of the FAR or during internationalist missions. The small group included representatives of the most diverse jobs and occupations. To us, this was the best example of the composition of these units.



Not much explanation was needed when we asked why they had joined the MTT.

Raul, a culture technician, said that, for him, "it was the primary duty as a revolutionary youth."

Elio, a refinery worker, said that he is a founder of the militia and there has not been a mobilization in which he has not participated. "How can I be left out now?"

Teofilo, a worker in the gastronomic sector, said: "I have always answered 'here' to each call of the revolution."

Juan de Dios, who works in maritime security, spoke of the importance of being prepared to fight any enemy.

Jesus from the bulk sugar terminal summarized his experiences in combat actions as a militiaman. He added: "As Fidel said, the MTT complement the defense system of the country."

Armando, a worker at the Caracas sugar mill, told us: "I was in the Revolutionary Navy. To me, it is very satisfying to belong to this regiment."

Miguel, a teacher of Marxism at the party school, had not spoken. He indicated: "Our people will know how to carry out this task like all the others and be victorious, strengthened and invincible."

Pedro Martinez, chief of staff, called them back and they quickly left. Classes resumed.

#### Classes Ended with Firing Practice

After they had firing practice with small caliber arms, the militiamen left. A few always stayed to advise those who were going to shoot and asked about the results of those who had already done it.

It was not a town of new people which we saw. It is the same town that has believed in its leaders, in its party and in the revolution for 22 years. Therefore, they support them without hesitation.

They are the same men and women who work for a living in this province. They operate machines in the factories, build construction projects, laugh and are entertained at the stadium or the club. They fill the "Terry" to see the Escambray theater group perform. They are also capable of keeping total silence and standing at attention when they hear the notes of the national anthem or when, in the middle of the park, the Municipal Band announces that taps will begin.

Those are the men and women who make up the first MTT units in the prosperous province of Cienfuegos, the beautiful "Pearl of the South."



## HAVANA SEPMI GRADUATION CEREMONY HELD

Havana VERDE OLIVO in Spanish 25 Jan 81 p 53

[Article by Augusto Rodriguez Hernandez: "SEPMI Graduation"]

[Text] The seventh graduation of junior specialists for the FAR [Revolutionary Armed Forces] was held recently at the Mausoleum of the Soviet Internationalist Soldier in San Antonio de los Baños, Havana Province.

Thus, more than 300 youths from that province ended their studies in courses organized by SEPMI [Society for Patriotic-Military Education] which specializes in prerecruits for service in the FAR. They will have a broad field in which to develop what they learned in the classrooms during the 5 to 10 months of the courses.

This seventh graduation in Havana includes specialists like: equipment operators, drivers, mechanics, wireless operators, food warehouse supervisors, sanitation workers, etc.

After the call to "attention," two provincial vanguard graduates, escorted by an officer and two pioneers, laid a floral wreath in front of the plaque commemorating the Soviet combatants who died in our fatherland.

Then Lt Col Osvaldo Fernandez, president of the Havana Provincial Council of SEPMI, read the graduation proclamation stating that the plans assigned to the province were fulfilled 100 percent.

The results of the emulation carried out during the school year were also announced with 11 youths being named provincial vanguards. The banner for best training center was won by San Jose de las Lajas.

Jorge Luis Hernandez Cabriales, a provincial vanguard in the drivers course, then read the "Commitment of the Graduates" stating their commitment to be loyal to the principles of the revolution and to unconditionally support the political line of the Communist Party of Cuba.

Comrade Abelardo Alvarez Gil, member of the Havana party provincial bureau, closed the ceremony. He said that the valuable and positive work of SEPMI could be seen here. He added:

"In only 1 year, SEPMI has become an organization with recognized prestige. It fulfills the beautiful task that the party and the people have entrusted to it better and better."

With this seventh graduation, SEPMI salutes the 20th anniversary of the Bay of Pigs victory and the first anniversary of the founding of this organization.

Those presiding over the ceremony included: Lt Col Luis Valladares Leon, vice president of the SEPMI National Council; Oscar Martin Gonzalez, second secretary of the Havana Province UJC [Union of Young Communists]; FAR officers; and leaders of the mass organizations.

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## MILITARY PROJECTS REVIEW CLOSED BY DIV GEN SENEN CASAS

Havana VERDE OLIVO in Spanish 8 Feb 81 p 56

[Article by Raul Brizuela: "Military Projects Review Meeting"]

[Text] The First Military Projects Review Meeting was held on 23 and 24 January. A large group of comrades from the Construction and Lodging Organs and a delegation from other commands of the FAR [Revolutionary Armed Forces] as well as Soviet advisers participated.

The main report and five speeches were presented and debated at the meeting. They discussed the quality of construction work and construction projects, the influence of the projects on quality and the experiences of party work in social control of production quality.

The meeting fulfilled its main objective: to analyze objectively and critically the quality of our construction as well as the effects of different factors on construction.

The participants of the First Military Projects Review Meeting reaffirmed, first, their readiness to fulfill the guidelines that were approved at the Second Party Congress. They also maintained that the mission to improve the quality of our projects is one of the most important challenges that the military construction workers face because of its importance in the efficiency of the construction after its completion.

The main report pointed out the different factors that affect the quality of the projects, emphasizing the deficiencies and problems faced. After it was read and discussed, the document was approved and a final resolution that presents guidelines for future work was adopted.

The meeting was closed by Div Gen Senen Casas Regueiro, substitute member of the political bureau of the Central Committee of the party, first substitute for the minister of the FAR and chief of staff of the FAR. Moments later, he officially opened the Central Military Construction Laboratory. This unit will play an important role in the improvement of the quality of military projects through its missions.

Also presiding over the event were: Col Carlos Lahitte, substitute for the minister of the FAR for construction; Lt Col Giraldo Thaureaux Armesto, chief of the political section; other officers; and guests.

## FAR 1980 OUTSTANDING ATHLETES CEREMONY HELD

Havana VERDE OLIVO in Spanish 8 Feb 81 p 56

[Article by Ramon Garcia M.: "Homage, Incentives to the Most Outstanding"]

[Text] The athlete of the year, the best novice, the best team and the 10 most outstanding sportsmen in the FAR [Revolutionary Armed Forces] in 1980 were honored and given awards in a simple ceremony held in the amphitheater of the FAR Sports Unit. It was presided over by Col Andres Torres Hernandez, chief of the DPC [Combat Training Office] of the FAR. Others present included: Gelasio Baras Leon, vice president of INDER [National Institute for Sports, Physical Education and Recreation]; Lt Col Eclio Lobaina Lobaina, chief of the Sports Unit; and other chiefs and officers.

The athlete of the year, soldier Reinaldo Cunill Infante, read a communique in the name of the 12 sportsmen who received awards. He indicated: "This distinction conferred on us has special significance for us because it is presented in the year of the Second Party Congress, the event to which all our commitments were dedicated, and the 20th Moscow Olympics. This was the first time the Olympics were held in a socialist country and our unit was represented by a group of the best soldier athletes."

The certificates and material incentives were then presented to the outstanding sportsmen of the year by those presiding.

In his speech, Lt Col Eclio Lobaina Lobaina, chief of the FAR Sports Unit, mentioned the main sports achievements in the national and international spheres by the FAR athletes as well as the most important tasks undertaken during that period by the members of that group.

The summary was given by Col Andres Torres Hernandez, DPC chief, who stated: "It pleases us to know that several of the sportsmen elected as the most outstanding in 1980 have received that distinction before, demonstrating with actions that they have known how to work with love, integrity, tenacity and daily dedication in their sports activities."

He added: I must point out that if it is important to be one of the best sportsmen of the year, it is doubly important for a group to achieve that distinction, especially if that group has been named vanguard before."

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POLITICAL PARTY HEADS DISCUSS NEXT YEAR'S ELECTIONS

MLN's Sandoval Alarcon

Guatemala City PRENSA LIBRE in Spanish 8 Feb 81 pp 8, 29

[Interview with National Liberation Movement presidential candidate Mario Sandoval Alarcon, at his residence; date not given]

[Text] "The National Liberation Movement will offer the people of Guatemala in 1982 an honest, law-and-order government, to save them from the scourge of communism, which subjugates nations and runs counter to the dignity of man," stated Mario Sandoval Alarcon, the party's presidential candidate.

"We will assuredly do what we have promised," he stressed, "because ideologically we have the people to do so. Many citizens are on our side, even though they do not belong to the party. We are also promising our people that we will resolve our problems through our own efforts, with our own people, because we reject interventionism."

Sandoval Alarcon, a former vice president of the republic, the leader of national anticommunism and the MLN and the party's presidential candidate, received us recently one morning at his elegant residence.

[Question] How do you view the election outlook? Do you think that conditions are similar to or worse than previous occasions?

[Answer] They're worse. The subversive groups will attempt by means of violence to prevent the unfettered workings of democracy during the election campaign. We are taking a look at a new strategy for the campaign because, for example, when I announced last Sunday that I would be going to Esquipulas, they spread tacks all over the highway. I know for whom they were meant.

I feel that the political campaign will have to be reduced, especially in relation to visits by the candidates to election districts. Therefore, the campaign will put greater emphasis on the media: the press, radio and television. In short: fewer visits and more publicity.

I do not think that the violence can be curbed in the months to come, and therefore it will be a different kind of campaign. Visits to the interior will be unannounced and without public rallies, to prevent the toll of victims from going higher.

Personally, since the rank-and-file requested it and the MLN nominated me as its presidential candidate, I have visited all of its branches throughout the republic, in the manner that I mentioned. This is what I devoted myself to last year, unpublicized visits to avoid attacks, and we were successful.

[Question] Do you think that the situation will improve in Guatemala, especially in the wake of the change of administration in the United States?

[Answer] Now that Ronald Reagan has taken over as president of the great country to the north, I feel that it could have decisive influence in the countries of Latin America. I say this in view of the measures that he has taken and the appointments that he has made in the few days that he has been in office.

I can say that Reagan will not allow Central America to go communist, because they have said that they are prepared to cooperate with us to eradicate communism. Note well that they said "friendly cooperation," not intervention. We do not want intervention, nor a paternalistic attitude. We want to expand the friendly relations between the U.S. Government and Guatemala.

In fact, I told Mr Reagan that the opinion he heard from my lips regarding friendly cooperation echoes the feelings of free men throughout Latin America.

Another positive sign is that with the change of administration in the United States, Carter's "human rights" pressure immediately ceased. Ambassador White in El Salvador and William Bowdler, undersecretary of state for Latin American affairs, have been replaced.

It is my understanding that all of the entrenched leftwingers in the State Department have been replaced, because they posed a danger to the Americas. I have a copy of a film done by the National Security Council in which you can see that foreign forces took part in the attack against Nicaragua.

It also shows the attacks on El Salvador and Guatemala. It is very interesting. I'm going to invite a group of newsmen to see it. It is 25 minutes long and clearly shows the Cuban intervention in our countries.

[Question] Speaking of the United States, you attended Reagan's inauguration as his special guest. What can you tell us about the event?

[Answer] It was impressive, solemn, conducted in an orderly and totally calm manner. Even though a member of the party that was out of power was taking over as president, everyone accepted it realistically.



Never had the United States seen a presidential inauguration with such a lavish program and which the people were so anxiously awaiting, because of the changes whereby the United States will regain its international prestige.

I think that President Reagan will try to resolve his country's economic problems. I say this in view of the people he has chosen to work with him. For example, he has an excellent economic adviser.

[Question] When does the MLN formally initiate its election campaign and what does your platform aim at?

[Answer] We will initiate it on 8 March in Esquipulas, exactly 1 year before the election. All of the party's national leaders, its friends and members will travel there to beseech the party's patron, the Holy Christ of Esquipulas, for his blessings and to ask him to help us save Guatemala, to resolve our problems and to achieve an honest, competent, law-and-order government.

We are going to achieve this because we have capable men who are going to work together with us. Some of them belong to the party, and others back us ideologically and are with us. We must struggle at all costs against communist subversion and give the country the peace it longs for.

The MLN will be successful, because of the approach it has taken. We have been in the opposition but we have supported the government and the army in their struggle against subversion.

[Question] What do you think of Gen Carlos Arana Osorio's call for the formation of a common front to put an end to the violence?

[Answer] The MLN issued a call 1 year ago for the formation of a national front against violence. It was a very specific appeal, but many people were afraid, and nothing came of it. Arana's appeal is not very specific. I think that he is calling for unity and proposing an alliance, not a political pact. I am in agreement with the call for unity, but I doubt that it will be successful.

[Question] Getting back to the election campaign, is the MLN planning any alliances?

[Answer] No. We are going it alone; we are not seeking alliances for the moment. If some sort of pact were to be made, it would have to be on the basis of accepting the MLN's candidates.

When we brought General Arana to the presidency, we shared power, which was not the case when General Laugerud was in office. You will remember that on 3 July, 1 year into Kjell's administration, the MLN stated that it was not accepting responsibility in the government.

Now then, the MLN rank-and-file has asked that I be the presidential candidate. They have been asking for years, and I have refused, but this time, seeing the ticklish election outlook and the country's needs, I accepted.





He added that the party has traditionally been strong and that many people are joining it every day because they feel that it is the party that is best suited to resolve the various problems facing the country.

"We must remember," he went on to say, "that the PR has been a center-left party throughout its history and has denounced the violence caused by extremist groups on both sides, violence that has brought pain and sorrow to thousands of Guatemalan families.

"The extreme right and the extreme left are reprehensible," he underscored. "For this reason, the PR firmly upholds its principles of being entirely nationalistic, democratic and pacifist."

#### Government Program

Carlos Mendez said he is not sure that the PR is working on its government program, but only its general lines.

He stated that every program is subject to change in accordance with the alliances that might have to be formed with other parties and also as a function of the candidate that is selected after negotiations with the allied groups.

"Nevertheless," he stressed, "our party will always offer programs that will benefit all sectors of Guatemala. Any projects that are planned will be above all party interests, because such projects have to be for the good of the country in general.

"Personal interests are reprehensible in our party. In other words, under no circumstances will things be planned to benefit a handful of people, and this has been proven by the activities that the PR has undertaken when it has been in power.

#### PR Can Do It Alone

The secretary general also said that his party is engaged in having the strongest party funds having with it having identified the need with the people throughout Guatemala's political history.

"It is saying and vigorous at present, which suggests that it could win the next presidential and congressional election without allying itself with another party.

"Nevertheless," he underscored, "the PR is analyzing the situation that presently brings our situation, so that it can determine what is best for Guatemala. The most suitable thing to do in these difficult times, and then make a wise and prudent decision.

"Such a decision could, in fact, entail forming an alliance that would meet the people's demands and nominating a person who is regarded as the best suited for tackling our biggest problems.

"The PR is not closed; it continues to run the government in conjunction with the other groups in the Broad Front. We continue to support in every way the administration of Gen Lucas Batista, who has remained faithful to the principles of the constitution and has undertaken projects that are today benefiting all our people."

#### PNR's Maldonado Aguirre

Guatemala City PRISA LIBRE in Spanish 8 Feb 81 p 9

[Report and interview with PNR (Reformist National Party) presidential candidate Alejandro Maldonado Aguirre; date and place not given]

[Text: "Terrorism and violence are the most effective means of undermining and intimidating society and must therefore be eliminated, but we must always bear in mind that social subversion must be reacted to with social policy measures," Alejandro Maldonado Aguirre, the presidential candidate of the PNR [Reformist National Party], stated.

AN INTERVIEW WAS CONDUCTED WITH THE CANDIDATE TO LEARN HIS OPINION REGARDING what seems to be a fresh upsurge in violence in the capital, where several police officers have been slain in recent days and where a reporter met a violent death.

Maldonado Aguirre stated that as the PNR has entered in its national self-confidence program, the causes of violence, not just its modes and consequences, must be explained, so that we can get as clear an idea as possible about what is happening in Guatemala.

TAKING THIS INTO CONSIDERATION, he pointed out that the persistence of violent, inhumane acts could produce and in fact is producing profound divisions among GUATEMALANS.

"A SITUATION THAT ATTACKS contempt for the life and dignity of individuals and lack of respect for property and labor is destroying the bonds of its solidarity."

#### Various Factors

"Though it is true that there can be no development without economic growth, it is also true that a political crisis seriously hampers both, because economic development is not feasible in a hostile environment," Maldonado Aguirre stated.

"There is, of course, deliberately malicious internal and external aggression aimed at destroying economic growth and development and at paralyzing investment.

"The goal of these efforts is obvious: to boost unemployment and underemployment and thus exacerbate the motives for social unrest," he said.

## Security

The candidate was then asked how forms of aggression that impair the system and heighten the crisis could be controlled without having to resort to force.

Maldonado Aguirre replied that no one doubts that armed subversion has to be fought with weapons but that this must not become widespread, adding that as stated in the national self-confidence program proposed by the PNR, social subversion must be reacted to only with social policy measures.

"Moreover, security as the state's primary goal ceases to have meaning when violence becomes widespread," he added.

"It is mistaken to assume that violence frightens those who are outside the law and do not observe society's ethics, because danger is a passion to them. In contrast, it is the average citizen, parents in particular, who are kept in a state of unease and worry."

## Other Implications

He went on to say that a number of forces that resort to armed subversion have received political and material support overseas, which poses a serious threat to the country's independence and sovereignty.

The explanation for the upswing in domestic subversive activities is that the fanatic advocates of armed violence have made a deep impression on the minds of the activists, thus expanding terrorist operations to a similar degree among opposing groups.

"It is dangerous to accept as unavoidable the presence of two terrorist factions in society," the PNR presidential candidate warned, "because if they are not both eliminated, they will gradually heighten the crisis in our country."

"We must not forget that terrorism and violence are the most effective means of undermining and intimidating a society and the state, and we therefore reassert that the forces of moderation that the PNR is bringing together represent a chance for Guatemala to deal constructively with this difficult juncture," he concluded.

FUR's Morales Cordero

Guatemala City PRENSA LIBRE in Spanish 8 Feb 81 pp 9, 25

[Report on interview with FUR [United Revolutionary Front] secretary general Carlos Morales Cordero, at his law office; date not given]

[Excerpt] "The United Revolutionary Front will take part in the 1982 elections because as a political party its goal is to come to power," stated Carlos Morales Cordero, the current secretary general of the rightwing party.

The FUR has no international or national commitments, nor is it dependent economically, and its approach is that of a democratic party, the FUR leader said in an interview.

"The primary goal of the FUR, as a political party, is to come to power, and it must therefore take part in the next general election, because we uphold the law and the system," Morales Cordero went on to say, as he answered the telephone and took care of clients at his law office.

#### No Candidates Yet

In discussing the issue of the next general election, the FUR leader, who was recently reelected secretary general, made it clear that the party does not yet have any potential candidates, much less definite candidates for president and other major posts.

"The party's top-level leaders will look into all of this. We want the candidates to be chosen under a special system so that they are to the liking of all members of FUR throughout the country, and we are sure that we will manage this," he added.

#### A Target of Attacks

Morales Cordero mentioned that the FUR is a target of constant attacks, ranging from threats to the kidnaping and murder of its leaders, which unquestionably has not only its leaders but its rank-and-file as well concerned.

"We do not know where these attacks could be coming from, but as our citizens know, several of our leaders have recently been killed, others have been kidnaped, and threats are constantly being made. We hope that all this comes to an end, because we abide by and respect the law."

"The FUR knows, moreover, that it will be the target of many attacks, like the ones we are seeing now, but everyone can rest assured that we will maintain purity among our leaders," he added.

#### Getting Rid of All Banners

During the talk with the secretary general an issue came up that has been topical in the country for many years now: the violence that continues to strike at us and does not seem to be disappearing.

"In its ongoing struggle, the FUR has come up with a number of solutions for doing away with violence, which will disappear provided that the banners are taken away, but not violently, as many people assume, but by counteracting poverty and exploitation and initiating a democratizing process so that peace and calm can prevail, if not completely, at least to a great extent."

#### A Discreet Convention

"It was a discreet convention, not a secret one," said Morales Cordero in reply to a question concerning the national convention of the FUR last Sunday. It was not much more than a gathering of leaders and representatives of its affiliates.

"That's the way we wanted it to be, given the prevailing situation in the country; we wanted to avoid any problems that might have had fatal consequences. The party leadership ordered that the assembly be held without any publicity, unlike the one 2 years ago," he noted.

"A representative from each municipal and departmental delegation (affiliate) was in attendance, and we analyzed several internal issues of interest to the party. Miguel Angel Andrino Dieguez was reelected president of the Political Council, and yours truly was reelected secretary general, as were all other officers; a number of vacancies were also filled, and thus the party's leadership personnel are all in place."

#### Inconsequential Challenge

Morales Cordero said that the challenge filed with the election office in connection with its convention last Sunday is of no consequence to the FUR, which is certain that the challenge will be denied because there are no legal grounds for it.

"We have been and we are complying with the party's bylaws and we see no other outcome than the denial of this challenge. Furthermore, we respect and comply with the laws of the nation; in other words, we abide by the constitution and the regulations governing the FUR.

"The fact is that the party will be the target of many attacks, but I will tell you again, we are prepared to maintain not only purity but decorum, responsibility and respect as well, both among our leaders and among our rank-and-file."

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